

JAN 20 2012

S.B. NO. 2336

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# A BILL FOR AN ACT

RELATING TO THE MOTOR VEHICLE RENTAL INDUSTRY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Section 437D-3, Hawaii Revised Statutes, is  
2       amended by adding a new definition to be appropriately inserted  
3       and to read as follows:

4       "Vehicle license cost recovery fee" means a charge that  
5       may be separately stated and charged in a rental motor vehicle  
6       contract to recover costs incurred by a lessor to license,  
7       title, register, plate, or inspect a rental motor vehicle."

8       SECTION 2. Section 437D-8.4, Hawaii Revised Statutes, is  
9       amended by amending subsection (a) to read as follows:

10       "(a) Notwithstanding any law to the contrary, a lessor may  
11       visibly pass on to a lessee:

12       (1) The general excise tax attributable to the  
13       transaction;

14       (2) ~~[The vehicle license and registration fee and weight~~  
15       ~~taxes, prorated at 1/365th of the annual vehicle~~  
16       ~~license and registration fee and weight taxes actually~~  
17       ~~paid on the particular vehicle being rented for each~~  
18       ~~full or partial twenty-four hour rental day that the~~



1       ~~vehicle is rented, provided the total of all vehicle~~  
2       ~~license and registration fees charged to all lessees~~  
3       ~~shall not exceed the annual vehicle license and~~  
4       ~~registration fee actually paid for the particular~~  
5       ~~vehicle rented;]~~ A vehicle license cost recovery fee,  
6       which shall be calculated by the lessor as the average  
7       daily cost per vehicle of the total annual motor  
8       vehicle titling, registration, plating, and inspection  
9       costs of all rental motor vehicles from the preceding  
10       year;

11       (3) The rental motor vehicle surcharge tax as provided in  
12       section 251-2 attributable to the transaction;

13       (4) The county surcharge on state tax under section 46-  
14       16.8; provided that the lessor itemizes the tax for  
15       the lessee; and

16       (5) The rents or fees paid to the department of  
17       transportation under concession contracts negotiated  
18       pursuant to chapter 102, service permits granted  
19       pursuant to title 19, Hawaii Administrative Rules, or  
20       rental motor vehicle customer facility charges  
21       established pursuant to section 261-7; provided that:



1 (A) The rents or fees are limited to amounts that can  
2 be attributed to the proceeds of the particular  
3 transaction;

4 (B) The rents or fees shall not exceed the lessor's  
5 net payments to the department of transportation  
6 made under concession contract or service permit;

7 (C) The lessor submits to the department of  
8 transportation and the department of commerce and  
9 consumer affairs a statement, verified by a  
10 certified public accountant as correct, that  
11 reports the amounts of the rents or fees paid to  
12 the department of transportation pursuant to the  
13 applicable concession contract or service permit:

14 (i) For all airport locations; and

15 (ii) For each airport location;

16 (D) The lessor submits to the department of  
17 transportation and the department of commerce and  
18 consumer affairs a statement, verified by a  
19 certified public accountant as correct, that  
20 reports the amounts charged to lessees:

21 (i) For all airport locations;

22 (ii) For each airport location; and



1 (iii) For each lessee;

2 (E) The lessor includes in these reports the  
3 methodology used to determine the amount of fees  
4 charged to each lessee; and

5 (F) The lessor submits the above information to the  
6 department of transportation and the department  
7 of commerce and consumer affairs within three  
8 months of the end of the preceding annual  
9 accounting period or contract year as determined  
10 by the applicable concession agreement or service  
11 permit.

12 The respective departments, in their sole discretion,  
13 may extend the time to submit the statement required  
14 in this subsection. If the director determines that  
15 an examination of the lessor's information is  
16 inappropriate under this subsection and the lessor  
17 fails to correct the matter within ninety days, the  
18 director may conduct an examination and charge a  
19 lessor an examination fee based upon the cost per hour  
20 per examiner for evaluating, investigating, and  
21 verifying compliance with this subsection, as well as  
22 additional amounts for travel, per diem, mileage, and



1 other reasonable expenses incurred in connection with  
2 the examination, which shall relate solely to the  
3 requirements of this subsection, and which shall be  
4 billed by the departments as soon as feasible after  
5 the close of the examination. The cost per hour shall  
6 be \$40 or as may be established by rules adopted by  
7 the director. The lessor shall pay the amounts billed  
8 within thirty days following the billing. All moneys  
9 collected by the director shall be credited to the  
10 compliance resolution fund."

11 SECTION 3. Statutory material to be repealed is bracketed  
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect upon its approval;  
14 provided that the amendments made to section 437D-8.4, Hawaii  
15 Revised Statutes, by this Act shall not be repealed when that  
16 section is reenacted on December 31, 2022, by section 9 of Act  
17 247, Session Laws of Hawaii 2005.

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S.B. NO. 2336

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# S.B. NO. 2336

**Report Title:**

Motor Vehicle Rental; Vehicle License Cost Recovery Fee

**Description:**

Authorizes rental motor vehicle lessors to collect a vehicle license cost recovery fee from lessees. Defines "vehicle license cost recovery fee."

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

